Illinois Century Network

Policy Committee Meeting Agenda

January 21, 2014
1:00 p.m.

ILLINOIS CENTURY NETWORK
POLICY COMMITTEE
MEETING AGENDA
January 21, 2014
1:00 p.m.

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Next Meeting

April 21, 2014
Community College Board, Springfield
James R. Thompson Center, Chicago

ILLINOIS CENTURY NETWORK

OCTOBER 21, 2013 POLICY COMMITTEE MINUTES

Submitted for:	Action
Summary:	Distribution of the October 21, 2013 minutes for review by the Policy Committee.
Action Requested:	Adoption of the October 21, 2013 minutes.
Recommended Motion:	The ICN Policy Committee adopts the October 21, 2013 minutes with any edits as noted.

ILLINOIS CENTURY NETWORK

OCTOBER 21, 2013 POLICY COMMITTEE MINUTES

Greg Wass called the meeting to order at 1:07 PM.

Members Present (Springfield):

Greg Wass, Office of the Governor	Lori Sorenson, Central Management Services
Bonnie Styles, Illinois State Museum	Kathleen Bloomberg, Illinois State Library
Mike Dickson, Consultant	Todd Jorns, Illinois Community College Board

Members on audio bridge:

| Chet Olson, Mayor of Rochelle | Alan Phillips, Board of Higher Education |

Members absent:

| Ravi Bathula, State Board of Education | Sean Vinck, Office of the Governor |

Staff and guests:

Tom Oseland, Central Management Services	Robin Woodsome, Central Management Services
Tom Coats, Central Management Services	Deborah Kelley, Central Management Services
Frank Whitney, AT & T	Carla Poani, AT & T
Leslie Sgro, Office of Management and Budget	

Announcements
Lori Sorenson announced that there will be a Broadband Communities conference in Tinley Park on November 5-7. The Governor is scheduled to be the keynote speaker. Lori will send Committee members a link to the conference website.

Lori reminded members that their ethics training certificates are due October 25th.

Minutes
Greg Wass introduced the first item on the agenda, approval of the minutes from the August 12, 2013 meeting. A motion was made by Todd Jorns to accept the minutes. The motion was seconded by Bonnie Styles. The motion carried.

IBOP Update
Lori reported that the IBOP project deadline was extended to December 31. Construction is nearly complete with the exception of the work in the Chicago area. The conduit is complete for the 10 mile path from the Chicago south side to downtown. CMS is negotiating a contract to pull the fiber into the Equinix peering facility. Once the contract is executed, the vendor will install the remaining fiber.

The lateral to McHenry College has not been completed. IDOT is working on easement agreements before the last 3 miles can be installed. CMS does not anticipate the road work will be complete before the grant

deadline. An agreement will be signed with NTIA stating the work will be completed once the easement issue is resolved.

The Triton College route is complete pending a splice between CTA and Toll Authority.

Due to permitting issues, a route modification was required to connect 11 schools in Danville. The work should be complete next week.

Since the project was under budget, ICN was able to add 8 schools in Arcola, Gilman, Greenville, and Pittsfield.

There are two fiber leases being finalized with iFiber (Northern Illinois University) and UC2B (University of Illinois). Both are Illinois BTOP projects.

As of September 30th, expenditures were $83 million of $96 ($48 of $64 million in federal money and $18 of $26 in Illinois capital plus an additional $6 million from the Department of Commerce and Economic Opportunity. Staff estimate the project will finish under budget.

Between ISU and CMS, there are 355 of 381 anchor institutions connected and capable of receiving service. CMS has 144 that are capable of receiving service and of those, 106 are receiving service. Some anchor institutions are in contracts with other providers and must wait for those contracts to end before switching to ICN.

The Chicago optical equipment that connects to the Starlight and Equinix facilities will be upgraded from 40 to 100 gigabits since the majority of the Internet traffic flows through Chicago. Additional distribution equipment was purchased to improve connectivity at 6 ILA sites.

There are several wholesale customer agreements pending completion of the Chicago route and a couple pending the East St. Louis route. This is outside of the grant.

The sales and marketing RFP was completed and is under review by the procurement staff. The intent was to have a vendor on contract by December 31st. This is important since it will generate additional revenue.

Greg Wass asked if we were being reactive in the area of sales and marketing. Lori responded that CMS is actively promoting the project and reaching out to providers.

Greg Wass asked if multi-year contracts are paid up front. Lori responded that vendors are billed 25% at contract execution and 75% at acceptance.

Greg Wass asked how a community goes about being connected. Lori responded that usually the municipality or community takes the lead. Someone organizes the businesses and often times; they reach out to the RTC engineers to find out what would be required of them. Some communities are driven by a vendor.

ICN Regional Meetings
Robin Woodsome reported that eight meetings are scheduled. Attendance has been lower than past years. In total, there have been 64 in person and 52 online. Lakeland College was canceled and there are only 5 people registered at Carl Sandburg in Galesburg.

Kathleen Bloomberg reported that a few State Library staff members were on the web version and that there was an echo and it was hard to hear.

Members of the AET thought it would be better if future meetings were focused on a particular group; for instance, the libraries and what types of on-line services or what each library may be doing.

Connecting Illinois Roadmap Update
Lori provided this update. In June the Governor's Office asked ICN to develop a roadmap to connect all Illinois K-12 schools with fiber. The roadmap will align with the vision and goals outlined in the federal ConnectEd initiative and the bandwidth needs for the rollout of the PARCC online student assessment. A steering committee, consisting of representatives from K-12 schools, universities and service providers drafted a set of recommendations that address inequities and different geographies, how to accelerate deployment of fiber, and how to leverage the ICN open access network.

Many schools and libraries are committed to 5-year contracts for leased circuits or services. The pricing for the service includes a combination of a non-recurring and monthly recurring charge that allows the vendor to recoup the cost to build the fiber to the school or libraries door. At the end of the contract, the vendor has recouped the construction cost; however, those costs continue to be passed on to the school or library. The only options available to the school or library are to enter into another 5-year agreement to keep the same price and speed, enter a shorter term contract at a higher price but the same speed, or enter into a contract with a new vendor and pay for construction of the fiber again.

Kathleen Bloomberg asked if this was an ICC issue. Lori responded that ICN has previously contacted the ICC for similar concerns; however, broadband is not regulated by the ICC. Kathleen Bloomberg asked if there is competition. Many times, there are no other options.

Lori shared that CMS provided comments to the FCC's recent Notice of Proposed Rule Making for changes to the E-rate program. The response is on the ICN website. Comments were not provided for every issue. Most comments were related to creating a special fund for capital investments for schools and libraries.

E-rate Update
Tom Oseland provided the E-rate update. The final $1 million from the 2011 application should be received at any time. The 2012 application, for just over $2.5 million, is ICNs last application as an applicant.

In 2013 ICN became a service provider. 117 applications were submitted listing ICN as their provider. To date, 61 applications representing $410 thousand have been approved.

Kathleen Bloomberg asked if ICN is losing money as a service provider. Lori Sorenson responded that as an applicant, ICN received funds for the money spent providing service to schools and libraries. Now as a

provider, schools are buying bandwidth from ICN. In the past, most schools only took what they received in state funding because it was not E-rate eligible. Since they are buying, ICN gets a percentage from the schools and a percentage from E-rate.

At the last meeting the question was asked how the E-rate money affects the budget. This fiscal year, we brought in $2.3 million which is not included in the forecast. For the last couple of years, the State funding level has gone down and E-rate fills the gap.

Kathy Bloomberg mentioned it would be nice to know how many schools and libraries use ICN from year to year. Lori shared that the number of individual schools has gone down over the last year. We believe the number will go down again because many schools have been connected by other BTOP recipients. They still are receiving bandwidth from the ICN. Many of the smaller libraries have gone to cable or DSL solutions and then have come back because some applications would not work.

2014 Meeting Schedule
Greg presented the 2014 meeting schedule. The meetings are scheduled for the third Monday of January, April, July and October. Since January 20, 2014 is a holiday, the meeting will be held on January 21st.

Mike Dickson made a motion to accept the meeting schedule. Bonnie Styles seconded the motion. The motion carried.

Meeting adjourned at 2:39 PM.

ILLINOIS CENTURY NETWORK

ILLINOIS BROADBAND OPPORTUNITY PARTNERSHIP UPDATE

Submitted for: Information

Summary: Provides an update on the Illinois Broadband Opportunity Partnership.

Action Requested: None

Recommended Motion: None

ILLINOIS CENTURY NETWORK

ILLINOIS BROADBAND OPPORTUNITY PARTNERHSIP UPDATE

The fiber project officially ended on December 31, 2013. CMS completed the last of the construction activities and equipment installations and the fiber is operational. CMS has 90 days to complete close out activities which includes processing final invoices and submitting final reports (financial, performance and inventory).

Budget
As of December 2013 project expenditures total $93M of the $96M. CMS has received $57M of the $64M in federal funds and $18M of the $26M in Illinois capital funds plus another $6M in state funding. Final invoices will be processed this month.

Community Anchor Institution (CAI) Connections
Between CMS and Illinois State University (ISU), 387 CAIs are connected and capable of receiving service.

Wholesale Customers
CMS has executed three additional wholesale agreements. Staff are working to execute several additional agreements for lit service to Chicago that were pending completion of the Chicago fiber route. CMS received three proposals to the Sales and Marketing RFP. Staff are evaluating proposals and plan to have an award recommendation in mid February.

Operational Changes
The fiber ownership adds to the operational responsibilities of the ICN. Staff are using third party vendors for fiber locating services and fiber maintenance. Both vendors are performing well. The recent record cold temperatures caused fiber cuts to one CMS owned fiber route and two leased fiber routes. The backbone network was not affected by the fiber cuts due to the build in redundancy. Two community colleges were out for 29 hours due to the leased fiber cut. The CMS fiber was restored in 16 hours. Both restorals were within expectations for a fiber cut, especially given the weather conditions. All-in-all, staff did a great job coordinating the restoral and communicating status updates to the customers and internal staff.

ILLINOIS CENTURY NETWORK

ICN KEY PERFORMANCE INDICATORS

Submitted for: Information

Summary: This item provides information regarding ICN performance indicators

Action Requested: None

Recommended Motion: *None*

ILLINOIS CENTURY NETWORK

ICN KEY PERFORMANCE INDICATORS

A handout will be provided at the meeting.

ILLINOIS CENTURY NETWORK

E-RATE UPDATE

Submitted for: Information

Summary: This item provides an update on ICN E-rate funding request.

Action Requested: None

Recommended Motion: None

ILLINOIS CENTURY NETWORK

E-RATE UPDATE

All approved E-rate funding has been received by CMS/ICN. This includes the final reimbursement claim from the 2011 E-rate funding year of approximately $1.1 million, reported at the last Policy Committee meeting, and the entire claimed amount of a little over $2.5 million from the 2012 funding year.

The chart below summarizes E-rate funding activity and status for each funding year application.

E-rate Activity

Funding Year	Received	Approved – Not yet received	Applied for Not yet approved	Under Appeal
Year 3 (2000)	$2,137,765	-0-	-0-	N/A
Year 4 (2001)	$2,522,559	-0-	-0-	N/A
Year 5 (2002)	$4,996,227	-0-	-0-	N/A
Year 6 (2003)	$4,644,171	-0-	-0-	N/A
Year 7 (2004)	$2,497,427	-0-	-0-	N/A
Year 8 (2005)	$2,424,567	-0-	-0-	N/A
Year 9 (2006)	$982,392	-0-	-0-	N/A
Year 10 (2007)	$953,998	-0-	-0-	N/A
Year 11 (2008)	$799,251	-0-	-0-	N/A
Year 12 (2009)	$1,339,032	-0-	-0-	N/A
Year 13 (2010)	$2,982,199	-0-	-0-	N/A
Year 14 (2011)	$2,561,151	-0-	-0-	N/A
Year 15 (2012)	$2,520,377	-0-	-0-	N/A
Totals	**$31,361,116**	**-0-**	**-0-**	**-0-**

ICN customers continue with the 2013 E-rate application review process. Approximately 90 of the 119 applications submitted with ICN listed as the Internet access service provider have been approved. This represents about $562 thousand in approved E-rate funding.

The ICN has been a long-time participant in the Rural Health Care (RHC) Program; one of the other Universal Service Fund programs like E-rate. The RHC Program has provided support for telecommunications services and Internet access services for eligible health care providers for several years. The ICN participates in the RHC Program as a service provider just as it now does in the E-rate program. Although historically the RHC Program operated on a much smaller scale than E-rate, with an annual budgeted funding availability of about $400 million, the ICN's participation has been important. The ICN has provided services to approximately 10-12 eligible providers who have consistently applied for funding each year. The total support amount totaled approximately $22-24 thousand dollars each year.

The Rural Health Care Division of USAC now has a new program under it called the Healthcare Connect Fund (HCF) Program. This new program will provide a 65% discount on eligible expenses related to broadband connectivity to both individual rural health care providers and consortia, which can include non-rural health care providers. This new program begins with the 2014 funding year. Those applicants previously receiving Internet access support under the RHC Program will now receive that support through the new HCF Program. Although there has not yet been an increase in activity with ICN customers under this new program, with the completion of the new fiber network it's very possible that many of Illinois' health care providers will participate in the HCF Program and receive their broadband connectivity services via the ICN or one of its partners.